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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS
(Legislative Department)

New Delhi, the 26th November, 1973/Agrahayana 5, 1895 (Saka)

The following Act of Parliament received the assent of the President on the 26th November, 1973, and is hereby published for general information:—

THE STATE BANK LAWS (AMENDMENT) ACT, 1973
No. 48 OF 1973

[*26th November, 1973*]

An Act further to amend the State Bank of India Act, 1955 and the State Bank of India (Subsidiary Bank) Act, 1959.

BE it enacted by Parliament in the Twenty-fourth Year of the Republic of India as follows:—

CHAPTER I
PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the State Bank Laws (Amendment) Act, 1973.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

CHAPTER II
AMENDMENTS TO THE STATE BANK OF INDIA ACT, 1955

Amendment of section 2

23 of 1955.

2. In section 2 of the State Bank of India Act, 1955 (hereinafter in this Chapter referred to as the State Bank Act), after clause (*i*), the following clause shall be inserted, namely:—

'(*j*) "workman" has the meaning assigned to it in the Industrial Disputes Act, 1947,'.

14 of 1947.

Amendment of section 19.

3. In section 19 of the State Bank Act, in sub-section (*1*), after clause (*c*), the following clauses shall be inserted, namely:—

'(*ca*) one director, from among the employees of the State Bank, who are workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act;

(*cb*) one director, from among such of the employees of the State Bank, as are not workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act;".

Amendment of section 20.

4. In section 20 of the State Bank Act, after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*3A*) A director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19 shall hold office for such term, not exceeding three years, as the Central Government may specify and thereafter until his successor shall have been duly appointed, and shall be eligible for re-appointment.".

Amendment of section 21.

5. In section 21 of the State Bank Act, in sub-section (*1*), in clause (*e*), for the words "the secretary and treasurer", the words "the chief general manager" shall be substituted.

Amendment of section 21B.

6. In section 21B of the State Bank Act,—

(*i*) for the words, brackets, figures and letters "in relation to any business that may be carried on or transacted by the State Bank under sub-section (*1*) of section 32 and clauses (*i*) (excluding the proviso), (*ii*), (*iii*), (*v*) to (*ix*), (*xa*), (*xii*) to (*xv*), (*xvii*), (*xviii*), (*xixb*) and (*xixc*) of section 33 and shall", the words, brackets, letters and figures "in relation to the business of banking and the forms of business set out in clauses (*a*), (*b*), (*e*), (*f*), (*g*), (*h*), (*i*), (*k*) and (*l*) of sub-section (*1*) of section 6 of the Banking Regulation Act, 1949, and such other forms of business referred to in sub-section (*1*) of the said section 6, as may be approved by the Central Board in this behalf and shall also" shall be substituted; 10 of 1949

(*ii*) the following proviso shall be added at the end, namely:—

"Provided that a Local Board shall transact the businesses of borrowing of money and the acquiring, holding, issuing on commission, under-writing and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments, only if the Central Board approves any of such businesses in this behalf and confers or assigns any of such businesses to the Local Board.".

Amendment of section 22.

7. In section 22 of the State Bank Act,—

(*i*) in clause (*d*) of sub-section (*1*), for the words "secretary and treasurer", the words "chief general manager" shall be substituted;

(*ii*) after clause (*d*) of sub-section (*1*), the following clause shall be inserted, namely:—

"(*da*) in the case of a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19,—

(*i*) he is not serving in the State Bank or has not been serving in it for a continuous period of at least five years; and

(*ii*) he is of such age that there is a likelihood of his attaining the age of superannuation during his term of office as a director; or";

(*iii*) in the proviso to clause (*h*) of sub-section (*1*), for the words "Provided that", the following shall be substituted, namely:—

"Provided that in the case of a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19, the disqualification mentioned in clause (*d*) shall not operate:

Provided further that".

Amendment of section 24.

8. In section 24 of the State Bank Act, in sub-section (*3*),—

(*i*) for the words, brackets and letter "nominated under clause (*d*)", the words, brackets and letters "appointed under clause (*ca*) or clause (*cb*) or nominated under clause (*d*)" shall be substituted;

(*ii*) for the word "nominate", the words "appoint or nominate as the case may be," shall be substituted.

Amendment of section 25.

9. In section 25 of the State Bank Act,—

(*i*) in sub-section (*2*), for the words "of a member of a Local Board other than the secretary and treasurer", the words, brackets, letters and figures "a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19 or of a member of a Local Board other than the chief general manager" shall be substituted;

(*ii*) in sub-section (*3*), for the words "under this section", the words, brackets and figure "under sub-section (*2*)" shall be substituted;

(*iii*) after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*4*) Where any vacancy occurs before the expiry of the term of office of a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19, such vacancy shall be filled in accordance with the said clause (*ca*) or, as the case may be, clause (*cb*), and the director so appointed shall hold office for the period specified under sub-section (*3A*) of section 20.".

Amendment of section 31.

10. In section 31 of the State Bank Act,—

(*i*) in the proviso to sub-section (*3*),—

(*a*) in clause (*ii*), the word "or" shall be added at the end;

(*b*) after clause (*ii*), the following clause shall be inserted, namely:—

"(*iii*) an officer or other employee of the State Bank, if he is a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19.";

(*ii*) in sub-section (*4*),—

(*a*) the words ", other than a managing director" shall be omitted;

(*b*) for the words "any such director", the words "any director" shall be substituted.

Amendment of section 31A.

11. In section 31A of the State Bank Act, in sub-section (*4*), for the words "other than the secretary and treasurer", the words "other than the chief general manager" shall be substituted.

Substitution of new section for section 33.

12. For section 33 of the State Bank Act, the following section shall be substituted, namely:—

Other business which the State Bank may transact.

"33. Subject to the other provisions contained in this Act, the State Bank may carry on and transact the business of banking as defined in clause (*b*) of section 5 of the Banking Regulation Act, 1949, and may engage in one or more of the other forms of business specified in sub-section (*1*) of section 6 of that Act.". 10 of 1949.

Amendment of section 34.

13. In section 34 of the State Bank Act, sub-sections (*1*), (*2*), (*3*) and (*5*) shall be omitted.

Amendment of section 39.

14. In section 39 of the State Bank Act, after the words "and balanced", the word "as" shall be inserted.

Amendment of section 40.

15. In section 40 of the State Bank Act,—

(*i*) in sub-section (*1*), for the words "within two months from the date on which its accounts are closed and balanced", the words, figures and letters "within three months from the 31st day of December, as on which its books are closed and balanced" shall be substituted;

(*ii*) to sub-section (*1*), the following proviso shall be added, namely:—

"Provided that the Central Government may, after consultation with the Reserve Bank, extend the said period of three months by such further period, not exceeding three months, as it may think fit.".

Amendment of section 41.

16. In section 41 of the State Bank Act,—

(*i*) in sub-section (*1*), for the words "audited by two auditors", the words "audited by two or more auditors" shall be substituted;

(*ii*) in sub-section (7), after clause (*e*), the following *Explanations* shall be deemed to have been inserted on and from the 1st day of December, 1964, namely:—

"*Explanation 1.*—For the purposes of this Act,—

(*a*) the balance-sheet shall not be treated as not disclosing a true and fair view of the affairs of the State Bank, and

(*b*) the profit and loss account shall not be treated as not showing a true balance of profit or loss for the period covered by such account,

merely by reason of the fact that the balance-sheet or, as the case may be, the profit and loss account, does not disclose any matters which are, by the provisions of the Banking Regulation Act, 1949, read with the relevant provisions of this Act, not required to be disclosed.

10 of 1949

Explanation 2.—For the purposes of this Act, the accounts of the State Bank shall not be deemed as having not been properly drawn up on the ground merely that they do not disclose certain matters if—

(*i*) those matters are such as the State Bank is, by virtue of any provision contained in the Banking Regulation Act, 1949, read with the relevant provisions of this Act, or any other Act, not required to disclose; and

10 of 1949.

(*ii*) the provisions referred to in clause (*i*) are specified in the balance-sheet and profit and loss account of the State Bank or in the auditors' report.".

Amendment of section 42.

17. In section 42 of the State Bank Act, in sub-section (*1*),—

(*i*) after the words "shall be held", the words "in each year" shall be inserted;

(*ii*) the words "before the end of March in each year" shall be omitted;

(*iii*) for the proviso, the following proviso shall be substituted, namely:—

"Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance-sheet, together with the profit and loss account and auditors' report, is, under sub-section (*1*) of section 40, forwarded to the Central Government or to the Reserve Bank, whichever date is earlier.".

Amendment of section 49.

18. In section 49 of the State Bank Act,—

(*i*) in sub-section (*1*), for the words "make rules to carry out the purposes of this Act", the words "make rules to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act" shall be substituted;

(*ii*) in sub-section (*2*), after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) the manner of appointment of a director under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 19, and all other matters connected therewith or incidental thereto.".

Amendment of section 50.

19. In section 50 of the State Bank Act,—

(*i*) in sub-section (*2*), for clause (*q*), the following clause shall be substituted, namely:—

"(q) the terms, conditions, stipulations, restrictions and limitations, if any, in the transaction by the State Bank of its businesses in regard to the advancing or lending of money or the discounting or purchase of any instrument, negotiable or otherwise, with or without reference to any security, purpose, amount, period or otherwise;";

(*ii*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(2A) All regulations made under this section shall have effect from such earlier or later date as may be specified in the regulations.".

CHAPTER III

AMENDMENTS TO THE STATE BANK OF INDIA (SUBSIDIARY BANKS) ACT, 1959

Amendment of section 2.

20. In section 2 of the State Bank of India (Subsidiary Banks) Act, 1959, (hereinafter in this Chapter referred to as the Subsidiary Banks Act), after clause (*l*), the following clause shall be inserted, namely:— 38 of 1959.

'(*m*) "workman" has the meaning assigned to it in the Industrial Disputes Act, 1947.'. 14 of 1947.

Substitution of "managing director" for "general manager".

21. In the Subsidiary Banks Act, except in section 23 and sub-section (*3*) of section 49, for the words "general manager", wherever they occur, the words "managing director" shall be substituted.

Amendment of section 25.

22. In section 25 of the Subsidiary Banks Act, in sub-section (*1*),—

(*i*) after clause (*a*), the following clause shall be inserted, namely:—

"(*aa*) the managing director appointed under sub-section (*1*) of section 29, or under section 32;";

(*ii*) after clause (*c*), the following clauses shall be inserted, namely:—

"(*ca*) one director, from among the employees of the subsidiary bank, who are workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act;

(*cb*) one director, from among such of the employees of the subsidiary bank as are not workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act;".

Amendment of section 26.

23. In section 26 of the Subsidiary Banks Act, after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*2A*) A director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25 shall hold office for such term, not

exceeding three years, as the Central Government may specify and thereafter until his successor shall have been duly appointed, and shall be eligible for re-appointment.".

Amendment of section 27

24. In section 27 of the Subsidiary Banks Act, in sub-section (*1*),—

(*i*) in clause (*d*), after the words "the subsidiary bank," the words "other than the office of the managing director" shall be inserted;

(*ii*) after clause (*d*), the following clause shall be inserted, namely:—

"(*da*) in the case of a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25,—

(*i*) he is not serving in the subsidiary bank or has not been serving in it for a continuous period of at least five years; and

(*ii*) he is of such age that there is a likelihood of his attaining the age of superannuation during his term of office as a director; or";

(*iii*) in the second proviso, for the words "Provided further that", the following shall be substituted, namely:—

"Provided further that in the case of a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25, the disqualification mentioned in clause (*d*) shall not operate:

Provided also that".

Amendment of section 30.

25. In section 30 of the Subsidiary Banks Act, in the proviso, after the words "the chairman of the State Bank", the words "or the managing director of the subsidiary bank" shall be inserted.

Amendment of section 31.

26. In section 31 of the Subsidiary Banks Act, in sub-section (*2*), for the words, brackets and letter "nominated under clause (*e*)", the words, brackets and letters "appointed under clause (*ca*) or clause (*cb*) or nominated under clause (*e*)" shall be substituted.

Amendment of section 33.

27. In section 33 of the Subsidiary Banks Act,—

(*i*) in sub-section (*1*), after the words "director of a subsidiary bank", the words, brackets, letters and figures "other than the managing director or a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25" shall be inserted;

(*ii*) in sub-section (*2*), for the words "under this section", the words, brackets and figure "under sub-section (*1*)" shall be substituted;

(*iii*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*3*) Where any vacancy occurs before the expiry of the term of office of a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25, such vacancy shall be filled in accordance with the said clause (*ca*) or, as the case may be,

clause (*cb*), and the director so appointed shall hold office for the period specified under sub-section (*2A*) of section 26.".

Amendment of section 34.

28. In section 34 of the Subsidiary Banks Act, in the proviso to sub-section (*5*),—

(*i*) in clause (*ii*), the word "or" shall be added at the end;

(*ii*) after clause (*ii*), the following clauses shall be inserted, namely:—

"(*iii*) an officer or other employee of the State Bank, or any other institution, if he is the managing director appointed under sub-section (*1*) of section 29 or under section 32; or

(*iv*) an officer or other employee of the subsidiary bank, if he is a director appointed under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25.".

Amendment of section 37.

29. In section 37 of the Subsidiary Banks Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Subject to the other provisions contained in this Act, a subsidiary bank may carry on and transact the business of banking as defined in clause (*b*) of section 5 of the Banking Regulation Act, 1949, and may engage in one or more of the other forms of business specified in sub-section (*1*) of section 6 of that Act.". 10 of 1949.

Amendment of section 39.

30. In section 39 of the Subsidiary Banks Act, after the words "and balanced", the word "as" shall be inserted.

Amendment of section 41.

31. In section 41 of the Subsidiary Banks Act, in sub-section (*7*),—

(*i*) in clause (*a*), for the words "exhibit a true and correct view", the words "exhibit a true and fair view" shall be substituted;

(*ii*) after clause (*e*), the following *Explanations* shall be inserted, namely:—

"*Explanation 1.*—For the purposes of this Act,—

(*a*) the balance-sheet shall not be treated as not disclosing a true and fair view of the affairs of the subsidiary bank, and

(*b*) the profit and loss account shall not be treated as not showing a true balance of profit or loss for the period covered by such account,

merely by reason of the fact that the balance-sheet or, as the case may be, the profit and loss account, does not disclose any matters which are, by the provisions of the Banking Regulation Act, 1949, read with the relevant provisions of this Act, not required to be disclosed. 10 of 1949.

Explanation 2.—For the purposes of this Act, the accounts of the subsidiary bank shall not be deemed as having not been properly drawn up on the ground merely that they do not disclose certain matters if—

(*i*) those matters are such as the subsidiary bank is, by virtue of any provision contained in the Banking Regula-

10 of 1949

tion Act, 1949, read with the relevant provisions of this Act, or any other Act, not required to disclose, and

(*ii*) the provisions referred to in clause (*i*) are specified in the balance-sheet and profit and loss account of the subsidiary bank or in the auditor's report.".

Amendment of section 43.

32. In section 43 of the Subsidiary Banks Act, in sub-section (*1*),—

(*i*) in clause (*a*), for the words "within three months from the date on which its accounts are closed and balanced", the words, figures and letters "within three months from the 31st day of December as on which its books are closed and balanced" shall be substituted;

(*ii*) after clause (*b*), the following proviso shall be inserted, namely:—

"Provided that the Reserve Bank may, after consultation with the State Bank, extend the said period of three months by such further period, not exceeding three months, as it may think fit.".

Amendment of section 44.

33. In section 44 of the Subsidiary Banks Act,—

(*i*) in sub-section (*1*), for the words "annually before the end of March", the words "in each year" shall be substituted;

(*ii*) to sub-section (*1*), the following proviso shall be added, namely:—

"Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance-sheet, together with the profit and loss account and auditor's report, is, under sub-section (*1*) of section 43, forwarded to the State Bank, or to the Reserve Bank, whichever date is earlier.".

Amendment of section 62.

34. In section 62 of the Subsidiary Banks Act,—

(*i*) in sub-section (*1*), for the words "make rules to give effect to the provisions of this Act", the words "make rules to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act" shall be substituted;

(*ii*) in sub-section (*2*), after clause (*f*), the following clause shall be inserted, namely:—

"(*g*) the manner of appointment of a director under clause (*ca*) or clause (*cb*) of sub-section (*1*) of section 25, and all other matters connected therewith or incidental thereto.".

Amendment of section 63.

35. In section 63 of the Subsidiary Banks Act, after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*2A*) All regulations made under this section shall have effect from such earlier or later date as may be specified in the regulations".

K. K. SUNDARAM,
Secy. to the Govt. of India.

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